



**CYPRUS SIERRITA  
CORPORATION**  
A Cyprus Amax Company

*G. Bulloch*  
6200 W. Duval Mine Road  
Post Office Box 527  
Green Valley, Arizona 85622-0527  
(520) 648-8500

April 7, 1997

Jan Laney  
Water Resource Specialist  
Arizona State Land Department  
1616 West Adams  
Phoenix, Arizona 85007

**RE: Water Agreements Nos. 21-93375 through 21-93379**

Attached is the sign letter allowing Cyprus Bagdad to continue use of the wells until the auction and agreeing to pay the new appraised value withdrawn from March 19, 1997.

As to your comment regarding the Tucson water sale I would like to remind the State that Tucson is in a AMA and the Bagdad area is ~~not~~ a big difference. Also whatever the new appraise value might be if Bagdad feels that it is excessive we would have the right to appeal the appraisal.

I have transferred to the Tucson operation but will continue working on this project as needed, I would appreciate it if you would copy me on all future correspondence to Bagdad.

Mike Garfield  
Cyprus Bagdad Copper Corp.  
P.O. Box 245  
Bagdad, AZ. 86321

O. T. Owens  
Cyprus Sierrita Corp.  
P.O. Box 527  
Green Valley AZ. 85622-0527

If I can be any assistance you can call me anytime at (520) 648-8661.

Sincerely,

*O. T. Owens*

O. T. Owens  
Cyprus Sierrita

cc:  
M. Garfield

PDC000057



FIFE SYMINGTON  
GOVERNOR

Arizona  
State Land Department

1616 WEST ADAMS  
PHOENIX, ARIZONA 85007



J. DENNIS WELLS  
STATE LAND COMMISSIONER

March 20, 1997

O.T. Owens  
Land Management Engineer  
Cyprus Bagdad Copper Corporation  
P.O. Box 245  
Bagdad, Arizona 86321

RE: Water Agreements Nos. 21-93375 through 21-93379

Dear Terry:

In follow-up to our phone conversation last week, I have the following information: (1) The referenced water agreements expired on March 18, 1997. (2) The water appraisal for the applications (Nos. 21-102152 through 21-102156) has been requested but has not been prepared. (3) We are anticipating the water appraisal to be prepared for the applications in the near future. (4) In December of 1996 we had a water sale in Tucson, the water was appraised and sold at \$85.00 per acre-foot.

We recognize that Cyprus Bagdad's operation needs to continue using the wells. Therefore, by signing the bottom of this letter and returning it to ASLD, Cyprus Bagdad agrees to pay the Land Department for any water withdrawn from March 19, 1997 until the water auction date at the appraisal value or the water auction rate, whichever is greater.

I will continue to update you on the progress of the applications. If you have any questions, please call me at (602) 542-2671.

Sincerely,

Jan Laney  
Water Resource Specialist  
Water Rights Management Section

JL:ifg

Acknowledged by: O. J. Owens Date April 7, 1997

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